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There are no “dog days of August” in Mongolia—just one near-perfect day after the next, punctuated by the occasional sudden rain storm. Nights were cooling off by the end of the month, and with the very first hints that winter is just around the corner, tourists started heading for home.

Political Update

As noted in the last update, an August 2 agreement between the MPRP and the Democratic Party averted what had seemed to be a looming crisis over the future of the Grand Coalition Government. The agreement affirmed both parties' commitment to the Coalition Government continuing until parliamentary elections are due in 2008. With the State Great Hural in recess after August 5, and the summer vacation season in full swing, Mongolian politics was mostly quiet during the remainder of the month. There was one exception, however: the August 28 by-election in an Ulaanbaatar constituency for the parliamentary seat left vacant when N. Enkhbayar became President in late June. While six candidates contested the by-election, the decision of the Democratic Party to withdraw Prime Minister Elbegdorj's candidacy gave a clear advantage to the MPRP. Ulaanbaatar Mayor and new MPRP head N. Enkhbold won the by-election with a 77% majority. He is expected to leave his post as Mayor in October, when the State Great Hural begins its Fall session.

Two U.S. Congressional delegations and one congressional staff delegation visited Mongolia during August and met with top government officials. From August 2-4, Speaker of the House of Representatives Dennis Hastert and six other Congressmen visited. Speaker Hastert met with President Enkhbayar, Parliamentary Speaker Nyamdorj, Prime Minister Elbegdorj, and other political leaders. On August 26-28, Rep. Jim Leach, the Chair of the East Asia and Pacific Subcommittee of the House International Relations Committee, visited Mongolia briefly. Mongolian leaders and Speaker Hastert and Rep. Leach noted the strength and growth of bilateral ties. Also, from August 21-25, Frank Jannuzi, East Asia Specialist for Senator Biden on the Senate Committee on Foreign Relations, visited Mongolia.

USAID News

August at USAID was unusually busy. The joint Gobi/GER evaluation was in full swing, with Jim Carlson coming out from AID/W to serve as Team Leader. AID Representative Skip Waskin and the project staff were involved with the Hastert CODEL. Senior Program Manager Jeff Goodson was involved with the Leach CODEL, and went to the field for three days with Frank Jannuzi, Gobi Chief of Party Steve Zimmerman, and JRP Chief of Party Robert LaMont. Goodson also attended the swearing-in ceremony of the new Peace Corps recruits in Darkhan, an event attended by President Enkhbayar and US Ambassador Pamela Slutz. Skip Waskin, meanwhile, headed for the States on a very well-deserved home leave.

PART I: USAID PROGRAM NEWS

STRATEGIC OBJECTIVE 1: PRIVATE SECTOR-LED ECONOMIC GROWTH

Economic Policy Reform and Competitiveness Project (EPRC)

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Economic, Financial, and Trade Policy Support

MCA Support. During August the project continued to provide intensive technical support to the Mongolian Millennium Challenge Account (MCA) National Council, assisting with the preparation of proposals to be submitted for potential funding from the Millennium Challenge Corporation (MCC). In accordance with the procedures formulated by the MCC, EPRC is assisting with the cost-benefit analysis of projects prepared by the National Council.

Shadow Economy Survey. The project continued helping with production of the final report on the shadow economy survey conducted in 2004 by the National Statistics Office, The Open Society Forum (OSF), the IRIS Institute (University of Maryland), and EPRC. Current plans include a presentation on the report by IRIS at an OSF seminar in September.

Macroeconomic Policy Analysis. The project continued development of macroeconomic database indicators and analyses of trends in the Mongolian economy for use by decision makers and for public education. Analysis of these indicators showed several important trends:

- **Interest rate analysis** has shown that, despite Mongol Bank's effort to increase interest rates in Mongolia in order to rein in inflation, real interest rates on bank credits have been falling and reached the lowest level since the 1990s.
- **Price inflation** has been increasing, reaching its highest level since 1997. The annual consumer price index (CPI) has increased to 15-18%, with food prices growing by more than 20%. Economic policy measures aimed at reducing inflation are urgently needed.
- In **foreign trade** the trends observed throughout 2004 have continued in 2005. The share of mining products in export has grown. The trade deficit has continued declining, predominantly because of increased exports of gold and improving terms of trade (changes in commodity prices). An analysis of the effects of free trade agreements, currently considered/negotiated by the GOM with a number of countries, has been undertaken jointly with GTZ. Major changes in trade structure will be necessary in order to generate positive impacts of these agreements on the Mongolian economy.
- Progress has been made in meeting Mongolia's **Millennium Development Goals** (MDG) targets in health care and education, but results in terms of poverty reduction have not been satisfactory. Recent food price changes have had a negative effect on low income households whose economic status has worsened. A comprehensive poverty reduction program is necessary in order to reverse this trend, reduce poverty during the next decade, and meet the MDG targets.

Tax Reform

Tax Reform Communications Strategy. The weekly national newspaper tax briefing series continued during August. Four briefings appeared in four national newspapers—two explaining the need for tax reform, one introducing the current tax reform package, and another discussing changes in the proposed personal income tax law. EPRC is negotiating with other websites to expand public distribution and access of the briefings and the text of currently proposed laws. The briefing series will also be incorporated into a "pocket book guide" to

Mongolian taxes, to serve as educational materials for the public and to help policy makers involved in the tax reform process.

National Tax Reform. At the request of MP Oyun on behalf of the Parliament Tax Working Group (PTWG), EPRC started recruitment of an international tax legislation expert to help Parliament review and draft new tax laws. The corporate and personal income tax laws drafted within MoF in April with IMF assistance are being translated into Mongolian for consideration by the PTWG. The project continued to update the comparative matrices and analytical material showing the positions and interests of a variety of parties concerning tax proposals, as well as the differences in the proposed laws from those currently in place.

Tax Reform Analytical Support. Analytic support for tax reform has continued. EPRC has constructed a Computable General Equilibrium (CGE) model to be used in evaluation of alternative tax reform scenarios considered by the GOM. During the summer this model has been updated with 2004 economic and tax data. The model will be used to support the work of the PTWG after mid September.

Cluster and Business Development Support

Tourism

Tourist Information Center. By the end of August, almost 11,000 tourists had visited the Tourist Information Center (TIC) in the Central Post Office and a further 3,000 had visited the centers in the airport and railway station. A visitor satisfaction survey was conducted in late August with encouraging results, and compliments for the level of service given by the TICs in terms of attitude and helpfulness, speed and accuracy of information, and English language skills. The main complaint expressed by users was having to wait for service at busy periods because of insufficient staff and the small size of the information counters.

Visitor Survey. EPRC continued work on the visitor survey during August, interviewing departing visitors in the departure lounge at Buyant Ukhua airport and on trains to Beijing. The survey is patterned after a similar survey conducted in 2002 and will provide comparative data on tourists' perceptions over the past three years. To date, 3,000 questionnaires have been completed. Data input and analysis will begin in mid September and results should be available to the industry in November.

Tourism Portal. EPRC started work on the design and site map for the tourism portal in August. A demonstration model should be available for presentation to the industry next month. The portal will link all relevant web sites, and provide platforms for on-line booking reservations and, eventually, payment. Peace Corps volunteers in Khentii and Ovorkhangai *aimags* have completed a pilot program to survey and document tourism sites, attractions, and events in the *aimags* for inclusion on the portal. The program will be expanded to cover other *aimags* based on the lessons learned from the pilot.

Natural Fibers

Cashmere Producer Linkages with Hong Kong. EPRC began preparations for a cashmere trade delegation to visit Hong Kong in November 2005. Cashmere producers will be introduced to buyers representing brand holders, retailers, and distributors. The project is assisting companies in preparing corporate profiles for distribution in Hong Kong, and is recruiting a part time logistics manager in Hong Kong to help the Mongolian companies.

Cashmere Project/Berlin. The CEO of the Cashmere Project in Berlin visited Mongolia to report to the Board. Mr. St Lewis reported that although the summer months had been quiet, all the indications point to a busy autumn and winter. The cashmere project is 90% Mongolian owned and represents four Mongolian producers in Europe. EPRC facilitates transactions between Berlin and the Mongolian producers.

Wool Record. The August issue of "Wool Record" featured the EPRC cashmere initiatives, under the headline "Cashmere companies step onto the world stage."

Finance

SME Financing. Assisted by two experts on structuring Development Credit Authority (DCA) bank loan portfolio and bond guarantees, EPRC completed an assessment of the banks and potential small and medium enterprise (SME) loan demand. The team recommended that USAID consider further investigation of the use of the DCA Loan Guarantee to assist a limited number of banks to secure medium-term loans from foreign financial institutions in order to help address the problem of a shortage of medium-term funding from domestic sources. This would support increased medium-term lending for SMEs capital investment, and expansion. Given current bank system liquidity, and banks' expressed interests, the team recommended against the use of the DCA Loan Portfolio Guarantee or the DCA Bond Guarantee at this time.

Energy Sector Support

Energy Law. In early August the project consolidated its recommendations with those of the ERA and resubmitted a "joint" version to the Ministry of Fuel and Energy. The Ministry held an internal drafting session to consolidate all comments from August 30-September 1. The draft amendments will go to Parliament in early September and be submitted by September 15 for the fall session of Parliament, which begins in early October.

Renewable Energy Law. The Ministry surprised us by completing a draft law and requesting that the project review and comment on the draft. EPRC's comments were well received and incorporated into the ministry's draft, which will now be presented to the Minister for presentation to the cabinet. The draft law should go to Parliament for consideration during the fall session.

State and Public Property Law. EPRC met with the MOJ lawyer who has been assigned to work on the concept paper and draft amendments. We are concerned that with the extensive review by several infrastructure-related ministries, these amendments do not have a realistic chance of being considered by Parliament during the fall session.

Proposed Merger of Power Plants # 2 and # 3. The Ministry of Fuel and Energy informed the project in August that they intend to discuss our proposals with the Ministry of Finance, the State Property Committee, and other shareholders of state-owned energy sector companies.

Proposed Merger. The Ministry solicited project comments on the idea of merging the National Dispatch Center with the National Transmission Company in August. EPRC provided a letter explaining that a merger would hinder development of a newly proposed market structure for the energy sector.

Specialized Software Training. EPRC provided the National Dispatch Center six days of training for seven staff members to learn how to use a software package which will help them with transmission/distribution system stability issues and predict possible system stability outages. Siemens Technologies, Inc. of Schenectady, NY, the original supplier of this software, conducted the training under a subcontract with the project.

Uniform System of Accounts (USOA) Implementation. In August, generating companies prepared summary balance sheet and income statements for 2004. EPRC will prepare adjusted versions to accompany these for presentation to and discussion with relevant parties. Adjusted versions prepared by the project will correct and/or adjust for known and suspected issues with original financial statements. Much of the debt shown on the balance sheets is uncollectible, and there has been extensive capitalization of maintenance and other activities that should be considered period expenses.

Public Education/National Dialogue Support

Tax Proposals Posted on Open Government Website. EPRC helped the Office of the Prime Minister with posting of tax reform proposals on the *Open Government* website. Electronic versions of the proposals—as approved by Cabinet and sent to Parliament—as well as English translations are now available for public use at: <http://open-government.mn>. Consistent with the public communications and consultation tax strategy, EPRC is also working with the Ministry of Finance (MoF) and the General Department of National Taxation (GDNT) websites to have them post the draft laws and English translations. EPRC will also engage in negotiations with Mongolian websites interested in hosting or providing links to these documents as well as tax briefings.

Open Government Website Organizing National Multimedia Dialogue. The “multimedia super chat” on tax reform originally scheduled for May is now being planned for September. Discussions are underway to commit policy makers from the Executive and Parliament involved in the process, as well as key business leaders. Current plans have the event broadcast nationally over radio, television and the Internet, with viewers and listeners able to pose live questions to the panel members.

Video Clip on IT and Public Participation. Project and subcontract personnel completed final pre-production changes to the video clip on uses of IT for better public participation. Production and public release of the video clip is expected in September.

The Gobi Initiative Phase II

Mercy Corps International and PACT

Market Events Scheduled. Major market events are taking place in September in all Gobi Initiative (GI) *aimags*. In an effort to increase both the scale and the popularity of the events, a series of cultural and children's activities have been added. As a result, these market events have evolved into "county fairs", similar to those that are still prevalent in rural America. In early August, each Member of Parliament from the respective *aimags* was invited to attend their respective fair and GI received confirmation that each event will have at least one MP in attendance.

Cooperation with Ivanhoe Mines. GI-supported cooperatives in Dundgovi and Umnugovi *aimags* have completed the second delivery of vegetables to Ivanhoe Mines, bringing the total delivered so far this season to seven tons. The evolving business relationship between the Gobi vegetable producers and Ivanhoe Mines was highlighted recently in a "UB Post" article. GI and Ivanhoe have also begun the process of establishing an independent commercial bus service to transport Ivanhoe employees between Dalanzadgad and the Oyu Tolgoi mine site. It is expected that this service will be owned and operated by an Umnugovi resident. GI will provide business

planning support, any required training/technical assistance, and a guarantee against a commercial loan for the purchase of a bus and for some working capital. A second route is also being planned for Ulaanbaatar-Oyu Tolgoi. This is the first of several services that Ivanhoe is seeking from local area residents.

Gobi Forage Team Visits. A team of three scientists from Texas A&M University joined the Gobi Forage team for three weeks to conduct further field work to verify the forage forecasting model, and to continue development of the website that will be used to disseminate the forage forecasting information. The team also made presentations on the current status of the forage forecasting work, and the science behind the project, to USAID, the Research Institute of Animal Husbandry, and the Institute of Hydrology and Meteorology.

Arid Lands Consultant Reviews Gobi Farming Work. Gary Hickman, an international arid-lands agricultural expert, completed a six-week consultancy in August. Mr. Hickman worked with staff to validate the project's agricultural strategy and developed a policy and set of parameters/standards covering vegetable and fodder crop production in the Gobi and Hangai regions in which the project works. He also facilitated two training workshops for GI staff and consultants on topics such as soil fertility, irrigation systems, pest control methods, and planting/cultivation systems for arid regions.

Gobi Communications. The "Endless Labyrinth", a 26-part business educational soap opera produced by PACT with GI funding, is due to debut on Mongol TV on September 3rd. The program has been heavily promoted in local newspapers and through banners and posters. The scripting of episodes 100-126 of the "Herder from the Future" radio drama was also completed in August, with production due to begin in late September. Pact/RBN staff were also working on two instructional videos on business planning and vegetable production.

The GER Initiative *CHF International*

August was unusually busy for the GER Initiative. Fifty-five businesses were improved or expanded, nine new startups were created, 231 people were matched to jobs, and 40 new job placements were generated.

Training. Some 268 clients participated in business training in August. Special training was provided in building insulation, agricultural cellars, and banking operations.

Consulting. GER provided consulting services to 355 clients in August, about half of them new to the project. The specialized consultancies included helping a client in Dornod write a business plan, so that he could obtain funding for new equipment purchases. The client's expanded business is expected to generate at least one new job.

Financial Services. GER facilitated or financed 139 loans worth over \$115,000 in August, and 25 Capital Augmentation Fund (CAF) loans were disbursed in the amount of over \$25,000. GER banking partners contributed \$6,250 toward these loans. To date, the project has had a total of 49 late payers, thirteen of which are bad loans and five of which are default loans.

Information and Linkages. GER currently works with 66 active groups. Two business groups that have been operational for greater than six months have recently received fixed asset grants to assist with their ongoing production. Some 291 people accessed 438 information services from GER in August. Two microenterprise tax seminars were held, GER created a linkage between a tourist company and yak rope group, and a jam group in Erdenet ramped up its deliveries to Ivanhoe Mines. A small trade fair was organized for Speaker Hastert's CODEL; 27 clients participated, and collectively had sales of \$3,250. GER organized a meeting between

retail sales clients and large food product producers/sellers in August. Introductions resulted in 30 GER clients buying at more favorable wholesale process, and establishing regular delivery to their shops. Meetings were also held with several mining and drilling companies to try and link them to project businesses.

Employment Matching and Training. Some 278 GER clients participated in employment training and 27 participated in vocational training in August. Social welfare and labor authorities visited one GER branch; the Minister and other authorities were pleased with project employment services, and sought ways to cooperate in the future. Two GER branches organized a “labor days” event, where 32 clients were placed with companies that attended. Ninety clients were also matched to jobs in Darkhan with a textile company. Finally, human resource management training was held for thirteen large and mid-sized employers from UB in August.

Other. GER staff and clients participated in a demonstration event organized by Agpromo in August, and a new branch opening ceremony was held. GER and Gobi collaborated on agricultural training in Bayanhongor, and Congressman Leach visited a GER branch and was briefed on the project. Also in August, GER finished surveys of Tuv, Selenge, Bulgan, Orhon and Dornod *aimags*, and four *soums* and three remote districts of UB, in conjunction with expansions scheduled for next April.

Eastern Steppe Living Landscape Project *Wildlife Conservation Society*

Visit of Asia Regional Director. The Eastern Steppe Project was wrapping up its summer field season in August. Dr. Anthony Lynam, the WCS Regional Advisor for Asia, visited a World Bank wildlife trade conference in Mongolia that highlighted serious threats to wildlife and biodiversity posed by hunting and the wildlife trade. While in-country, Dr. Lynam conducted an assessment of illegal hunting and wildlife trade-associated threats to Nomrog Strictly Protected Area (SPA) on the Eastern Steppe. The feasibility of implementing a longer-term field-based project focused on incorporating the State Border Defense Agency (SBDA) in conserving wildlife and wild lands in Nomrog SPA is under investigation. The SBDA would work closely with Protected Area Administration rangers, State Inspectors and other local government staff involved in the enforcement of hunting regulations and wildlife trade restrictions.

Siberian Marmot Survey Completed. Dr. Sue Townsend, in collaboration with the National University of Mongolia, completed the final portion of a survey of Siberian marmots on the Eastern Steppe at the end of July, and in August her team analyzed field data and made a presentation at an international marmot conference in Uzbekistan. This work will improve understanding of marmot biology and distribution on the Eastern Steppe.

Avian Influenza. Although not funded by USAID, the WCS Field Veterinary Program (FVP) completed an investigation in August of the role of wild migratory birds in the epidemiology of highly pathogenic avian influenza (H5N1). The planned fieldwork coincided with reports of a wild waterfowl die-off in Lake Erhel in Hovsgol *Aimag*. The team was able to respond to these reports and expand their testing to this site as well. On August 19th the presence of H5N1 was confirmed in a sample collected from a dead whooper swan on Erhel Lake by the US Department of Agriculture (USDA) Poultry Research Laboratory in Athens, Georgia. Although the presence of H5N1 in migratory birds is of concern, the initial results from further testing indicate that the spread of disease in this population will be self-limiting with little to no risk to the human population in the area. Results from 30 live whooper swans living at the same site and a nearby lake were negative for the virus, and samples collected from other live birds at the two sites were found to be negative for the virus. This work was supported by UNFAO, the USDA Poultry Disease Laboratory, and the WCS FVP; it was implemented in collaboration with the Mongolian

National Academy of Sciences, the Mongolian Institute of Veterinary Medicine, the State Central Veterinary Laboratory, the Ministry of Food and Agriculture-Veterinary Department and the Mongolian Ministry of Health. USAID/Mongolia assisted with coordination between the field investigation team, the WHO office in Mongolia, and their collaborators at the Centers for Disease Control (CDC) in Atlanta, which facilitated the transport of samples to the CDC facility for further influenza testing.

STRATEGIC OBJECTIVE 2: MORE EFFECTIVE AND ACCOUNTABLE GOVERNANCE

Judicial Reform Project (JRP) *National Center for State Courts (NCSC)*

Results of 2005 Public Opinion Survey. The Judicial Reform Project (JRP) released a report on its 2005 public opinion survey in August. The survey analyzed the data in comparison with the 2001 and 2003 surveys to provide a look at trends in public opinion on the Mongolian Justice system. The results were gratifying, first because stable trends were shown, indicating a high level of confidence can be placed in the data. Public perception of the justice sector has improved in all areas since the JRP began its work. The drop in the level to which corruption is considered a problem is surprising, and may be due to the much increased transparency of the courts. Public perceptions that politically connected and wealthy people receive better treatment, however, remain at high levels.

Lawyer Qualification Exam. JRP also released a preliminary report on the 2005 Lawyer Qualification Examination (or Bar). The primary conclusion is that the exam was conducted fairly and openly, and that all major problems were satisfactorily dealt with. Grading mistakes were corrected, and JRP is waiting to see if those involved in suspicious mistakes are disciplined.

Court Administration Manual Published. The Court Administration Manual was published in August, and training on court administration using the new manual was conducted for the *aimags* of Huvsgul and Zavkhan.

Computers and Automation. By the end of August, computers had been installed for administrative court judges in most of the *aimags*. The court software has been updated and installed in all courts, and new software for the Supreme Court was being developed. A database for case information has also been created and is being tested; when finished, it will be linked to the World Bank Unified Information System. The Supreme Court Chief Judge has indicated to the World Bank that he has reservations about putting all decision on the Internet, however, contrary to prior commitments to the project. If there are problems in this regard, JRP will pursue a legislative mandate to make all decisions available on the Internet.

Legal Training. Also in August, JRP sponsored training for lawyers in the western *aimags* in "Effective Courtroom Communication", "Lawyers' Ethics", "The Criminal and Criminal Procedure Laws", "Administrative Court Proceedings and Advocacy," and "Use of Expert Medical Evidence." The remoteness of these advocates often makes training difficult. Training conducted in Gobi Altai was attended by most of the private advocates from Bayan Ulgii, Hovd, Zavkhan, Gobi Altai and Bayanhongor. The JRP Chief of Party addressed the group and questioned them on training needs and the problems that they saw with the justice system in their areas. Training for judges is currently being conducted in Khuvsgul *Aimag* on Ethics, Criminal Law and Domestic Violence. It will be followed by trainings in all of the other regions on these subjects.

Political Parties and Parliamentary Support Project

International Republican Institute (IRI)

CODELs and STAFFDEL Support. In August, IRI attended a dinner sponsored by the US Embassy for Speaker Hastert and visiting CODEL, and hosted a coffee for Mr. Frank Jannuzi, East Asia Specialist with the Senate Foreign Relations Committee and several Mongolian MPs. IRI also attended a dinner sponsored by Ambassador Slutz with Congressman Jim Leach (R-IA), and assisted the Congressman when he stopped by polling station #59 to observe the balloting during the August 28 election for President Enkhbayar's seat. Congressman Leach was an officially registered election observer.

Poll Watcher Training and Field Consultations. IRI was busy in the field in August, in the run-up to the August 28 election. It conducted consultations and assessments with local DP and MPRP political and government officials in Uvs, Khovd, Khuvsgul, and Bayan-Ulgii *aimags*, and it conducted poll watcher training for MPRP and non-MPRP political activists in constituency #65 at which over 100 party poll watchers attended.

Poll Monitoring. IRI pulled out the stops for the August 28 election in constituency #65, carrying out an official Foreign Election Observation Mission at all five polling stations. IRI declared that for the most part the election represented the "will of the people" of constituency #65, although IRI did witness some irregularities and minor violations.

Introducing the New Asia Deputy Director. IRI made courtesy calls upon DP Chairman Gonchigdorj and MPRP Secretary Mr. Otgonbayar in August to introduce them to the new IRI Asia Deputy Director, Ms. Kimber Shearer.

IRI-Sponsored Travel of MPs to the US. IRI conducted interviews and made final preparations for sending seven MPs to Washington, DC and Denver, Colorado for governance/parliament training and discussions. The trip is planned for September 13-23.

Training, Advocacy and Networking (TAN) Project

Mercy Corps International

Support for the CSO Network in Dundgovi. In August, the Dundgovi CSO network promoted and provided volunteers for a citizen's referral center that connects rural citizens to legal, financial, and social services in the *aimag*. In just the first two weeks of August, the referral service received 68 complaints, requests, and comments from citizens living in the *aimag* center and more rural *soums*. Of these, 55 were successful—i.e., the complaining citizen actually received the requested service. Requests included how to get a loan, how to get involved in life skills training, where to get information on land privatization, and where to get child support and social assistance. In fulfilling these requests, the referral service also provided advice on how to write a complaints letter, complete a loan application, and apply to the administrative court. The Dundgovi Network used local media for announcing this activity.

Support for the CSO Network in Uvurhangai. The CSO network in Uvurhangai organized two public discussions concerning corruption in the government, commercial, and civic sectors. Twenty-three people from local government, businesses and CSOs participated in the first round of discussions; in the second round, local CSOs conducted focus group meetings with *bagh* citizens, who complained that they are required to give gifts of between 5,000-120,000 tugriks (\$4-100) to local government organizations for "solving problems". The network also put

corruption complaint boxes in various public places, including the black market, post office, and hospital; 35 corruption-related complaints were collected from the boxes in August.

Public Procurement. With technical support from TAN staff, the Uvurhangai health department finalized procurement procedures for tendering public services related to the provision of HIV/AIDS education materials, and for surveying public awareness of, and the need for, health information. This is the first time that the *aimag* health department has issued a tender for which local CSOs can compete. The tender will be announced at the beginning of September.

PART II: COUNTRY NEWS

Historical Remains Removed. The remains of historical figures D. Sukhbaatar and Kh. Choibalsan were removed from the mausoleum on Sukhbaatar Square and cremated in August, following religious traditions and state protocols. The action was part of preparations for next year's celebration of the 800th anniversary of the Mongolian Empire.

New Restaurants Open. A couple of new restaurants opened in Ulaanbaatar in August, always a welcome change. The Saffron Orient Delicatessen—which bills itself as “an oriental fusion” restaurant—opened below the Silk Road restaurant with an Indian and vegetarian menu, and the new Khaan Irish Bar on Seoul Street is packing them in with an American-style coffee bar, full menu, and outdoor seating. Along with the first US franchise restaurant which opened earlier this year—B.D.'s Mongolian Barbecue—residents now have a much wider choice of international dining cuisine.

Tourist Profile. The Arts Council of Mongolia released a study in August describing the “typical” tourist to Mongolia as 26-45 years old, with at least a bachelors degree, staying in-country for two weeks or less, and spending less than \$2,700. Ninety percent were interested in historical and ethno-tourism. The biggest complaints were hard beds and noisy streets.

Fishing Competition. The seventh annual national fishing championship was held on the Eg River in early August. One Russian and fifteen Mongolian fishing teams competed in the catch-and-release competition, which took place on one of the best freshwater fishing rivers in the world.

Gold. It was reported in August that in the first six months of 2005, Mongol Bank bought almost seven and a half tons of gold—one and a half tons more than for the same period in 2004. Mongol Bank is the sole authorized buyer of gold in the country, and in a major trend shift the bank bought nearly one ton from individual miners vs. only about 25 pounds of gold in the same period last year.

Golf. Mongolia's third golf course opened at the UB-2 hotel in Terelj National Park in August. The six-hole course was opened with traditional singers, dancers, and contortionists. Observers hope that this third course will contribute, through competition, to a lowering of green fees. (The principles of market economics are alive and well.)

That's it.